

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BBF2644 – BANK MANAGEMENT

(All sections/Groups)

18 FEBRUARY 2023

9.00 a.m – 12.00 a.m

(3 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Students are allowed to use non-programmable scientific and financial calculators.
4. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Below are selected financial information of Yong Peng Bank Berhad for the financial year ending 31 December.

<i>(Figures are in Ringgit Malaysia (RM))</i>	2020	2019
Interest income	15,588,087	17,329,613
Interest income for financial assets at fair value through profit or loss	569,677	633,176
Interest expense	5,221,273	7,702,339
Modification loss	62,078	221,065
Income from Islamic banking operations	3,533,481	2,915,480
Net non-interest income	5,105,046	4,032,514
Overheads	9,418,949	8,775,170
Taxation and zakat	1,396,853	383,760

<i>(Figures are in Ringgit Malaysia (RM))</i>	2020	2019
Cash and short-term funds	45,669,511	39,563,368
Reverse repurchases agreements	5,885,498	6,832,920
Deposits and placements with banks and other financial institutions	4,613,720	3,562,564
Financial investments at fair value through profit or loss	40,279,244	42,713,133
Debt instruments at fair value through other comprehensive income	60,119,486	47,725,782
Equity instruments at fair value through other comprehensive income	323,105	308,971
Debt instruments at amortised cost	56,006,340	56,128,085
Derivative financial instruments	11,989,597	16,008,365
Loans, advances and financing	364,684,772	353,915,966
Statutory deposits with central banks	4,676,200	4,411,589
Investment in associates	770,801	45,306
Investment in joint ventures	2,181,345	2,451,217

Required:

- (a) Determine the bank's Net Interest Income for 2020. (5 marks)
(Write your answer in table format and show all your working)
- (b) Compute the bank's Net Income for 2020. (5 marks)
(Write your answer in table format and show all your working)

Continued ...

- (c) Ascertain and compute the bank's Average Interest Earnings Assets. (15 marks)
(Write your answer in table format and show all your working)
- (d) Calculate the bank's Net Interest Margin (%) for 2020. (15 marks)
(Write your answer in table format and show all your working)
- (e) Briefly explain Net Interest Margin (NIM) and how could a bank protect or stabilising its NIM. (15 marks)
- (f) Determine and compare the bank's cost-to-income ratios for 2019 and 2020. (15 marks)
And explain whether the ratios meet the general rule of thumb for the cost-to-income ratio.
(Write your answer in table format and show all your working)

(Total: 70 marks)

QUESTION 2

The A credit officer is required to evaluate the borrower before considering the loans application. It has been the practice of banks to use the 6Cs to assess the borrower. Elaborate.

(Total: 25 marks)

QUESTION 3

How could a bank benefit from current account deposits balances. Explain.

(Total: 5 marks)

End of Paper